

PART 4284 - GRANTS

Subpart F - Rural Cooperative Development Grants

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PART 4284 - GRANTS

Subpart F - Rural Cooperative Development Grants (RCDG) Program

§ 4284.501 Purpose.

(a) This subpart outlines the Rural Business-Cooperative Service's (RBS) policies and authorizations and contains procedures to provide grants for cooperative development in rural areas.

(b) Grants will be made available to nonprofit corporations and institutions of higher education for the purpose of establishing and operating centers for rural cooperative development.

(c) Copies of all forms and Instructions referenced in this subpart are available in the RBS National Office or any Rural Development State Office. *Any section or portion thereof appearing in italicized type is considered to be administrative procedure by the Agency and has not been published as part of the Instruction in the Federal Register.*

§ 4284.502 Policy.

(a) The grant program will be used to facilitate the creation or retention of jobs in rural areas through the development of new rural cooperatives, value-added processing, and rural businesses.

(b) *Rural Development officials will maintain liaison with officials of other Federal, State, regional, and local development agencies to coordinate related programs to achieve rural development objectives.*

(c) *Rural Development officials will cooperate with appropriate State agencies in making grants that support State strategies for rural area development.*

§ 4284.503 Authorities, delegations, and redelegation

The approval official is responsible for implementing the authorities contained in this subpart. Authorities may be redelegated to appropriate Rural Development employees.

§ 4284.504 Definitions.

Agency - Rural Business-Cooperative Service (RBS) or a successor agency.

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Grants

Approval official - Any authorized agency official.

Center - The entity established or operated by the grantee for rural cooperative development.

Cooperative - A user-owned and controlled business from which benefits are derived and distributed equitably on the basis of use.

Cooperative development - The startup, expansion, or operational improvement of a cooperative to promote development in rural areas of (1) services and products, (2) processes that can be used in the production of products, or (3) enterprises that can add value to on-farm production through processing or marketing activities. Development activities may include, but are not limited to, technical assistance, research services, educational services, and advisory services. Operational improvement includes making the cooperative more efficient or better managed.

Economic development - The growth of an area as evidenced by increases in total income, employment opportunities, decreased outmigration of populations, value of production, increased diversification of industry, higher labor force participation rates, increased duration of employment, higher wage levels, or gains in other measurements of economic activity, such as land values.

Nonprofit institution - Any organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

Project - A planned undertaking by a center which utilizes the funds provided to it to promote economic development in rural areas through the creation and enhancement of cooperatives.

Public body - Any state, county, city, township, incorporated town or village, borough, authority, district, economic development authority, or Indian tribe on federal or state reservations or other federally recognized Indian tribe in rural areas.

RBS - The Rural Business-Cooperative Service, an agency of the United States Department of Agriculture, or a successor agency.

Regionally operated - A regionally operated program includes programs that cover or are eligible to cover two or more counties.

§ 4284.504 (Con.)

Rural and rural area - Includes all territory of a state that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas.

Rural Development - Rural Development mission area.

Servicing office - Any Rural Development State Office.

State - Any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

Subcenter - A unit of a center acting under the same direction as and having a purpose consistent with that of the center.

Urbanized area - An area immediately adjacent to a city having a population of 50,000 or more with a population density of more than 100 persons per square mile, as determined by the Secretary of Agriculture according to the latest decennial census of the United States which, for general social and economic purposes, constitutes a single community and has a boundary contiguous with that of the city. Such community may be incorporated or unincorporated to extend from the contiguous boundaries to recognizable open country, less densely settled areas, or natural boundaries such as forests or water. Minor open spaces such as airports, industrial sites, recreational facilities, or public parks shall be disregarded. Outer boundaries of an incorporated community extend at least to its legal boundaries. Cities which may have a contiguous border with another city, but are located across a river from such city, are recognized as a separate community.

Urbanizing area - A community with a population density of more than 100 persons per square mile, as determined by the Secretary of Agriculture according to the latest decennial census of the United States which is not now, or within the foreseeable future not likely to be, clearly separate from and independent of a city of 50,000 or more population and its immediately adjacent urbanized areas. A community is considered "separate" when it is separated from the city and its immediately adjacent urbanized area by open country, less densely settled areas, or natural barriers such as forests or water. Minor open spaces such as airports, industrial sites, recreational facilities, or public parks shall not be considered as an area to determine if a community is separate. A community is considered "independent" when its social (e.g., government, educational, health, and recreational facilities)

and economic structure (e.g., business, industry, tax base, and employment opportunities) are not primarily dependent on the city and its immediately adjacent urbanized areas.

§ 4284.505 Applicant eligibility

(a) Grants may be made to nonprofit corporations and institutions of higher education. Grants may not be made to public bodies.

(b) An outstanding judgment obtained against an applicant by the United States in a Federal Court (other than in the United States Tax Court), which has been recorded, shall cause the applicant to be ineligible to receive any grant or loan until the judgment is paid in full or otherwise satisfied. RBS grant funds may not be used to satisfy the judgment.

§§ 4284.506 - 4284.514 [Reserved]

§ 4284.515 Grant purposes

Grant funds may be used to pay up to 75 percent of the costs for carrying out relevant projects. Applicant's contribution may be in cash or in-kind contribution in accordance with parts 3015 and 3019 of this title and must be from nonfederal funds except that a loan from another federal source can be used for the applicant's contribution. Grant funds may be used for, but are not limited to, the following purposes:

(a) Applied research, feasibility, environmental and other studies that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development.

(b) Collection, interpretation, and dissemination of principles, facts, technical knowledge, or other information that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development.

(c) Providing training and instruction for individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development.

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(d) Providing loans and grants to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development in accordance with this subpart.

(e) Providing technical assistance, research services, and advisory services to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center for the purpose of cooperative development.

§ 4284.516 Ineligible grant purposes

Grant funds may not be used to:

(a) pay more than 75 percent of relevant project or administrative costs;

(b) duplicate current services or replace or substitute support previously provided;

(c) pay costs of preparing the grant application package;

(d) pay costs incurred prior to the effective date of the grant;

(e) pay for building construction, the purchase of real estate or vehicles, improving or renovating office space, or the repair or maintenance of privately-owned property;

(f) fund political activities; or

(g) pay for assistance to any private business enterprise which does not have at least 51 percent ownership by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.

§§ 4284.517 - 4284.526 [Reserved]

§ 4284.527 Other considerations

(a) Civil rights compliance requirements All grants made under this subpart are subject to the requirements of title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, and national origin as outlined in part 1901, subpart E of this title.

In addition, the grants made under this subpart are subject to the requirements of section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of disability; the requirements of the Age Discrimination Act of 1975, which prohibits discrimination on the basis of age; and title III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability by private entities in places of public accommodations.

(b) Environmental requirements

(1) General applicability Unless specifically modified by this section, the requirements of part 1940, subpart G of this title apply to this subpart. For example, the Agency's general and specific environmental policies contained in §§ 1940.303 and 1940.304 of this title must be complied with. Although the purpose of the grant program established by this subpart is to improve business, industry, and employment in rural areas, this purpose is to be achieved, to the extent practicable, without adversely affecting important environmental resources of rural areas such as important farmland and forest lands, prime rangelands, wetland, and flood plains. Prospective recipients of grants, therefore, must consider the potential environmental impacts of their applications at the earliest planning stages and develop plans and projects that minimize the potential to adversely impact on the environment.

(2) Technical assistance An application for a project exclusively involving technical assistance is generally excluded from the environmental review process by § 1940.310(e)(1) of this title. However, as further specified in § 1940.333 of this title, the grantee of a technical assistance grant, in the process of providing technical assistance, must consider and generally document within their plans the potential environmental impacts of the plan and recommendations provided to the recipient of the technical assistance.

(3) Applications for grants to provide other than technical assistance to third-party recipients As part of the preapplication, the applicant must provide a complete "Request for Environmental Information" for each project specifically identified in its plan to provide other than technical assistance to third parties who will undertake eligible projects with such assistance. The Agency will review the preapplication, supporting materials, and the required "Request for Environmental Information" and assess the impact of the preapplication. This assessment will focus on the

§ 4284.527(b)(3) (Con.)

potential cumulative impacts of the projects as well as any environmental concerns or problems that are associated with individual projects that can be identified at this time from the information submitted. Because the Agency's approval of this type of grant application does not constitute a commitment to the use of grant funds for any identified third-party projects (see § 4284.541), no public notification requirements will apply to the preapplication. After the grant is approved, each third-party project to be assisted under the grant will undergo the applicable environmental review and public notification requirements in part 1940, subpart G of this title prior to the Agency providing its consent to the grantee to assist the third-party project. If the preapplication reflects only one project which is specifically identified as the third-party recipient for financial assistance, the Agency may proceed directly to the appropriate environmental assessment for the third-party recipient with public notification as required. The applicant must be advised that if the recipient or project changes after the grant is approved, the project to be assisted under the grant will undergo the applicable environmental review and public notification requirements.

(c) Government-wide debarment and suspension (non-procurement) and requirements for drug-free workplace Persons who are disbarred or suspended are excluded from federal assistance and benefits including grants under this subpart. Grantees must certify that they will provide a drug-free workplace.

(d) Restrictions on lobbying All grants must comply with the lobbying restrictions contained in part 3018 of this title.

(e) Excess capacity or transfer of employment If a proposed project has financial assistance from all sources for more than \$1 million and will increase direct employment by more than 50 employees, the applicant will be requested to provide written support for an Agency determination that the proposal will not result in a project which is calculated to, or likely to, result in the transfer of any employment or business activity from one area to another. This limitation will not prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the expansion will not result in an increase in the unemployment in the area of original location or in any other area where such entity conducts business operations. *The submittal to the National Office should be accompanied by a cover memorandum giving the amount and purpose of the grant.*

(f) Management assistance Grant recipients will be supervised, as necessary, to ensure that projects are completed in accordance with approved plans and specifications and that funds are expended for approved purposes. Grants made under this subpart will be administered under, and are subject to, parts 3015, 3017, 3019, and 3051 of this title, as appropriate, and established RBS guidelines.

(g) Uniform Relocation Assistance and Real Property Acquisition Policies Act. All projects must comply with the requirements contained in part 21 of this title.

(h) Flood or mudslide hazard area precautions If the grantee financed project is in a flood or mudslide area, flood or mudslide insurance must be obtained through the National Flood Insurance Program (NFIP). *If insurance through NFIP is not available, the site is not eligible for Federal financial assistance. Refer to part 1806 subpart B of this title, which addresses flood insurance requirements (RD Instruction 426.2).*

(i) Termination of Federal requirements Once the grantee has provided assistance with project loans in an amount equal to the grant provided by RBS, the requirements imposed on the grantee shall not be applicable to any new projects thereafter financed from the RCDG funds. Such new projects shall not be considered as being derived from federal funds. The purposes of such new projects, however, shall be consistent with these regulations.

(j) Intergovernmental review Grant projects are subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with state and local officials. A loan fund established in whole, or in part, with grant funds will also be considered a project for the purpose of intergovernmental review as well as the specific projects funded with grant funds from the RCDG funds. For each project to be assisted with a grant under this subpart and which the state has elected to review under their intergovernmental review process, the state point of contact must be notified. Notification, in the form of a project description, can be initiated by the grantee. Any comments from the state must be included with the grantee's request to use RBS grant funds for the specific project. Prior to the RBS decision on the request, compliance with requirements of intergovernmental consultation must be demonstrated for each project. These requirements should be completed in accordance with "Intergovernmental Review of Department of Agriculture Programs and Activities," part 3015, subpart V of this title. *In those instances where a State's comments cannot be accommodated, RBS will provide the State with a timely explanation of the basis for its decision. RBS will not implement its decision for 15*

§ 4284.527(j) (Con.)

days after the State receives the explanation, unless unusual circumstances make the 15-day waiting period not feasible. The explanation will take the form of a written explanation and may be supplemented by a telephone call, meeting, or other telecommunication.

§4284.528 Application processing

(a) Preapplications

- (1) Applicants will file an original and one copy of an "Application for Federal Assistance (For Non-construction)," with the appropriate Rural Development State Office.
- (2) All preapplications shall be accompanied by:
 - (i) evidence of applicant's legal existence and authority to perform the proposed activities under the grant.
 - (ii) the latest financial information to show the applicant's financial capacity to carry out the project. At a minimum, the information should include a balance sheet and an income statement. A current audited report is preferred where one is reasonably obtainable.
 - (iii) an estimated breakdown of total costs, including costs to be funded by the applicant or other identified sources. Certification must be provided from the applicant that its matching share to the project is available and will be used for the project. The matching share must meet the requirements of parts 3015 and 3019 of this title as applicable. Certifications from an authorized representative of each source of funds must be provided indicating that funds are available and will be used for the proposed project.
 - (iv) a budget and description of the accounting system to be used.
 - (v) the area to be served, identifying within that area each governmental unit (i.e., town, county, etc.) affected by the proposed project. Evidence of support and concurrence from each affected governmental unit must be provided by either a resolution or a written statement from the chief elected local official.

(vi) a listing of cooperative businesses to be assisted or created.

(vii) applicant's experience with similar projects, including experience of key staff members and persons who will be providing the proposed services and managing the project.

(viii) the number of months duration of the project and the estimated time it will take from grant approval to beginning of service.

(ix) the method and rationale used to select the areas or businesses that will receive the service.

(x) a brief description of how the work will be performed and whether organizational staff, consultants or contractors will be used.

(xi) an evaluation method to be used by the applicant to determine if objectives of the proposed activity are being accomplished.

(xii) a brief plan that contains the following provisions and describes how the applicant will meet these provisions:

(A) A provision that substantiates how the applicant will effectively serve rural areas in the United States.

(B) A provision that the primary objective of the applicant will be to improve the economic condition of rural areas by promoting development of new cooperatives or improvement of existing cooperatives.

(C) Supporting data from established official independent sources along with any explanatory documentation.

(D) A description of the activities that the applicant will carry out to accomplish such objective.

(E) A description of the proposed activities to be funded under this subpart.

(F) A description of the contributions that the applicant's proposed activities are likely to make to the improvement of the economic conditions of the rural areas served by the applicant.

§ 4284.528(a)(2)(xii) (Con.)

(G) Provisions that the applicant, in carrying out its activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the federal, state, and local governments.

(H) Provisions that the applicant will consult with any college or university administering Extension Service programs and cooperate with such college or university in the coordination of the center's activities and programs.

(I) Provisions that the applicant will take all practicable steps to develop continuing sources of financial support for the center, particularly from sources in the private sector.

(J) Provisions for:

(1) monitoring and evaluating its activities; and

(2) accounting for money received and expended by the applicant under this subpart.

(K) Provisions that the applicant will provide for the optimal application of cooperative development in rural areas, especially those areas adversely affected by economic conditions, such that local economic conditions can be improved through cooperative development.

(xiii) the agreement proposed to be used between the applicant and the ultimate recipients, if grant funds are to be used for the purpose of making loans or grants to individuals, cooperatives, small businesses, and other similar entities (ultimate recipients) in rural areas for eligible purposes under this subpart. This agreement should include the following:

(A) An assurance that the responsibilities of the grantee, as a recipient of grant funds under this subpart, are passed on to the ultimate recipient and the ultimate recipient understands its responsibilities to comply with the requirements contained in this subpart and parts 3015 and 3019 of this title, as applicable.

(B) Provisions that the ultimate recipient will comply with debarment and suspension requirements contained in part 3017 of this title and will execute a "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions."

(C) Provisions that the ultimate recipient will execute an "Equal Opportunity Agreement," and an "Assurance Agreement."

(D) Documentation that the ultimate recipient understands its responsibilities to the applicant.

(E) Documentation that the applicant understands its responsibilities in monitoring the ultimate recipient's activities under the grant and the applicant's plan for such monitoring.

(F) Documentation, when other references or sources of information are used, along with copies, if possible, that provides dates, addresses, page numbers and explanations of how interpretations are made to substantiate that such things as economically distressed conditions do exist.

(G) Narrative addressing all items in § 4284.540(a) of this subpart regarding grant selection criteria.

(b) Applications. Upon notification that the applicant has been selected for funding, the following will be submitted to Rural Development by the applicant:

(1) Proposed scope of work, detailing the proposed activities to be accomplished and timeframes for completion of each activity.

(2) Other information requested by RBS to make a grant award determination.

(c) Applicant response If the applicant fails to submit the application and related material by the date shown on the invitation for applications, Rural Development may discontinue consideration of the preapplication.

§ 4284.540 Grant selection criteria

Grants will be awarded under this subpart on a competitive basis. The priorities described in this paragraph will be used by RBS to rate preapplications. RBS review of preapplications will include the complete preapplication package submitted to the Rural Development State Office. Points will be distributed according to ranking as compared with other preapplications on hand. All factors will receive equal weight with points awarded to each factor on a 5, 4, 3, 2, 1 basis depending on the applicant's ranking compared to other applicants.

(a) Preference will be given to applications that:

- (1) demonstrate a proven track record in administering a nationally coordinated, regionally or State-wide operated project;
- (2) demonstrate previous expertise in providing technical assistance in rural areas.
- (3) demonstrate the ability to assist in the retention of business, facilitate the establishment of cooperatives and new cooperative approaches, and generate employment opportunities that will improve the economic conditions of rural areas;
- (4) demonstrate the ability to create horizontal linkages among businesses within and among various sectors in rural areas of the United States and vertical linkages to domestic and international markets;
- (5) commit to providing technical assistance and other services to underserved and economically distressed rural areas of the United States;
- (6) commit to providing greater than a 25 percent matching contribution with private funds and in-kind contributions;
- (7) evidence transferability or demonstration value to assist rural areas outside of project area; and
- (8) demonstrate that any cooperative development activity is consistent with positive environmental stewardship.

(b) Each preapplication for assistance will be carefully reviewed in accordance with the priorities established in this section. A priority rating will be assigned to each preapplication. Preapplications

selected for funding will be based on the priority rating assigned each preapplication and the total funds available. All preapplications submitted for funding should contain sufficient information to permit RBS to complete a thorough priority rating. *Exhibit C of this subpart will be used to request funds from the National Office.*

§ 4284.541 Grant approval, fund obligation, grant closing, and third-party financial assistance

The grantee will execute all documents required by RBS to make a grant under this subpart. By accepting the grant, the grantee agrees to comply with parts 3015 and 3019 of this title.

(a) *RBS approval officials are authorized to approve grants made in accordance with this subpart and part 1901, subpart A of this title.*

(b) *Funds will be obligated and approval announcement made in accordance with the provisions of § 1942.5 (d) of part 1942, subpart A of this title.*

(c) *A copy of the executed Form RD 1940-1, "Request for Obligation of Funds," and the approved scope of work will be sent to the applicant on the obligation date. The grant will be considered closed on the obligation date. Exhibit A of this subpart shall become a permanent part of Form RD 1940-1 when grant funds are involved, and the following paragraphs will appear in the comment section of that form as appropriate:*

(1) *"The grantee understands the requirements for receipt of funds under the Rural Cooperative Development Grant program. The grantee assures and certifies that it is in compliance with all applicable laws, regulations, Executive Orders, and other generally applicable requirements, including those contained in Exhibit A of part 4284, subpart F of this title, parts 3015, 3017, and 3018 of this title (including revisions through _____ (date of grant approval); and the approved scope of work."*

(2) *For grants involving the establishment of a loan program to benefit third parties, the following statement shall also be added to the comment section of Form RD 1940-1: "The grantee furthermore agrees to use grant funds for the purpose outlined in the scope of work approved by RBS."*

§§ 4284.542 - 4284.556 [Reserved]

§ 4284.557 Fund disbursement

Grants will be disbursed as follows:

(a) A "Request for Advance or Reimbursement," will be completed by the applicant and submitted to Rural Development not more frequently than monthly. Payments will be made by electronic funds transfer pursuant to the Debt Collection Improvement Act of 1996 (Pub. L. 104-134).

(b) The grantee's share in the cost of the project will be disbursed in advance of grant funds or on a pro-rata distribution basis with grant funds during the disbursement period.

§ 4284.558 Reporting.

A "Financial Status Report," and a project performance activity report will be required of all grantees on a quarterly calendar basis. A final project performance report will be required with the last "Financial Status Report." The final report may serve as the last quarterly report. The final report must include a final evaluation of the project. Grantees must constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved. Grantees are to submit an original of each report to Rural Development. The project performance reports shall include, but not be limited to, the following:

(a) A comparison of actual accomplishments to the objectives established for that period;

(b) Reasons why established objectives (if any) were not met;

(c) Problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and

(d) Objectives and timetable established for the next reporting period.

§§ 4284.559 - 4284.570 [Reserved]

§ 4284.571 Audit requirements

The grantee will provide an audit report in accordance with § 1942.17 of this title. Audits must be prepared in accordance with general accounting principles and standards using the publication, "Standards for Audit of Governmental Organizations, Programs, Activities and Functions."

§ 4284.572 Grant servicing

Grants will be serviced in accordance with part 1951, subpart E of this title.

§ 4284.573 Programmatic changes

The grantee shall obtain prior approval for any change to the scope or objectives of the approved project. Failure to obtain prior approval of changes to the scope or budget can result in suspension or termination of grant funds.

§ 4284.574 Subsequent grants

Subsequent grants will be processed in accordance with the requirements contained in this subpart. Cooperative development projects receiving assistance under this program will be evaluated one year after assistance is received. If it is determined to be in the best interests of the program, preference may be given to a project or projects for an additional grant in the immediately succeeding year.

§ 4284.575 Grant suspension, termination, and cancellation

Grants may be canceled by RBS by written notice. Grants may be suspended or terminated for cause or convenience in accordance with parts 3015 and 3019 of this title, as applicable.

§§ 4284.576 - 4284.586 [Reserved]

§ 4284.587 Exception authority

The Administrator may, in individual cases, make an exception to any requirement or provision of this subpart, if the Administrator determines that application of the requirement or provision would adversely affect the Government's interest and shows how the adverse impact will be eliminated or minimized if the exception is made. Requests for exceptions must be made in writing by the approval official. Requests must be supported with

§ 4284.587 (Con.)

documentation to explain the adverse effect on the Government's interest, proposed alternative courses of action, and how the adverse effect will be eliminated or minimized if the exception is granted.

§ 4284.588 *Forms and exhibits.*

Exhibits A and B and forms are for use in administering grants made under this subpart.

§§ 4284.589 - 4284.599 [Reserved]

§ 4284.600 OMB control number

The information collection requirements contained in this regulation have been approved by the Office of Management and Budget (OMB) and have been assigned OMB control number 0570-0006. You are not required to respond to this collection of information unless it displays a valid OMB control number.

Attachments: Exhibits A, B, and C.

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AGREEMENT OF ADMINISTRATIVE REQUIREMENTS FOR
RURAL COOPERATIVE DEVELOPMENT GRANTS

This exhibit contains information regarding the responsibilities of the grantee for receipt of grant funds under the Rural Cooperative Development Grant (RCDG) program. These requirements do not supersede the requirements for receipt of Federal funds as stated in part 3015 of this title; however, specific areas related to the program are cited below.

In consideration for the RCDG grant by RBS, grantee agrees to:

- 1. cause the RCDG program to be completed within the total sums available to it, including grant funds, in accordance with the scope of work and any necessary modifications thereof prepared by grantee and approved by grantor.*
- 2. permit periodic inspection of the program operations by a representative of grantor.*
- 3. make the program available to all persons in grantee's service area without regard to race, color, national origin, religion, sex, marital status, age, physical or mental disability.*
- 4. not use grant funds to replace any financial support previously provided or assured from any other source. The grantee agrees that the general level of expenditure by the grantee for the benefit of program area and/or program covered by this agreement shall be maintained and not reduced as a result of the Federal share funds received under this grant.*
- 5. provide financial management systems which will include:*
 - (a) accurate, current, and complete disclosure of the financial result of each grant.*
 - (b) records which identify adequately the source and application of funds for grant-supporting activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.*
 - (c) effective control over and accountability for all funds. Grantee shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.*

(d) accounting records supported by source documentation.

6. retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after grant closing except that the records shall be retained beyond the 3-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts.

7. provide an audit report prepared in accordance with generally accepted Government auditing standards using the publication, "Standards for Audit of Governmental Organizations, Programs, Activities and Functions."

8. provide grantor with such periodic reports as it may require and permit periodic inspection of its operations by a designated representative of the grantor.

9. execute Form RD 400-4, "Assurance Agreement," and any other agreements required by grantor to implement the civil rights requirements. If any such form has been executed by grantee as a result of a grant being made to grantee by grantor contemporaneously with the making of this grant, another form of the same type need not be executed in connection with this grant.

10. upon any default under its representations or agreements contained in this instrument, at the option and the demand of grantor, to the extent legally permissible, repay to grantor forthwith the original principal amount of the grant stated herein above, with interest equal to the rate of interest paid on U.S. 26-week Treasury Bills adjusted quarterly from the date of the default. The provisions of this exhibit may be enforced by grantor at its option and without regard to prior waivers by it of previous defaults of grantee, by judicial proceedings to require specific performance of the terms of this exhibit, or by such other proceedings in the law or equity in either Federal or State courts as may be deemed necessary by grantor to assure compliance with the provisions of this exhibit and the laws and regulations under which this grant is made.

11. not admit any member of Congress to any share or part of this grant or any benefit that may arise therefrom; but this provision shall not be construed to bar, as a contractor under the grant, a publicly held corporation whose ownership might include a member of Congress.

12. make available to the general public on an equal basis all nonconfidential information resulting from its activities.
13. not duplicate programs for which monies have been received, are committed, or are applied to from other sources (public or private) for the purpose and scope of work for which this grant is made.
14. relinquish any and all copyrights and/or privileges to the materials developed under this grant as published in whole or in part. The material shall contain a notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."
15. abide by the policies promulgated in the USDA Uniform Assistance Regulations, part 3015 of this title, which provides standards for use by grantee in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds.
16. obtain prior approval from grantor for use of grant funds for uses or amounts not consistent with the approved scope of work and budget.
17. except for States, remit interest earned on grant funds deposited in an interest bearing account in accordance with the USDA Uniform Assistance Regulation part 3015 of this title.
18. comply with property management standards established by part 3015 of this title for personal property. "Personal property" means property of any kind except real property. It may be tangible--having physical existence--or intangible--having no physical existence; such as patents, inventions, and copyrights. "Nonexpendable personal property" means tangible personal property having a useful life of more than 1 year and an acquisition cost of \$300 or more per unit. A grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable property. When nonexpendable property is acquired by a grantee with project funds, title shall not be taken by the Federal Government but shall be vested in the grantee subject to the following conditions:
 - (a) Right to transfer title. For items of real or nonexpendable personal property having a unit acquisition cost of \$1,000 or more, RBS may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(i) The property shall be appropriately identified in the grant or otherwise made known to the grantee in writing.

(ii) RBS shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If RBS fails to issue disposition instructions within the 120 calendar day period, the grantee shall apply the standards of paragraph 18 (b) of this exhibit.

(iii) When RBS exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in paragraphs 18 (b) and (c) of this exhibit.

(iv) When title is transferred either to the Federal Government or to a third party and the grantee is instructed to ship the property elsewhere, the grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(b) Use of other nonexpendable personal property for which the grantee has title.

(i) The grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the grantee shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(1) Activities sponsored by RBS.

(2) Activities sponsored by other Federal agencies.

(ii) Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to projects or programs sponsored by RBS; second preference shall be given to projects or programs sponsored by

other Federal agencies. If the property is owned by the Federal Government, use for other activities not sponsored by the Federal Government shall be permissible if authorized by RBS. User charges should be considered, if appropriate.

(c) Disposition of nonexpendable personal property. When the grantee no longer needs the property as provided in paragraph 18 (b) of this exhibit, the property may be used for other activities in accordance with the following standards:

(i) Personal property with a unit acquisition cost of less than \$1,000. The grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(ii) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The grantee may retain the property for other use provided that compensation is made to RBS or its successor. The amounts of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to current fair market value of the property. If the grantee has no need for the property and the property has further use value, the grantee shall request disposition instructions from the original grantor agency.

(iii) RBS shall determine whether the property can be used to meet the Agency's requirements. If no need exists within RBS, the General Services Administration Federal Property Management Regulations will be used by RBS to determine whether a need for the property exists in other Federal agencies. RBS shall issue instructions to the grantee no later than 120 days after the grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the grantee's request, the grantee shall sell the property and reimburse RBS an amount computed by applying the percentage of the grantor participation in the grant program to the sales proceeds. However, the grantee shall be permitted to deduct and retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the grantee's selling and handling expenses.

(2) If the grantee is instructed to dispose of the property other than as described in paragraphs 18 (b) and (c) of this exhibit, the grantee shall be reimbursed by RBS for such costs incurred in its disposition.

(3) Property management standards for nonexpendable personal property. The grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(a) Property records shall be maintained accurately and shall include:

(i) a description of the property.

(ii) the manufacturer's serial number, model number, Federal stock number, National stock number, or other identification number.

(iii) sources of the property, including grant or other agreement number.

(iv) whether title vests in the grantee or the Federal Government.

(v) acquisition date (or date received, if the property was furnished by the Federal Government) and costs.

(vi) a percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

(vii) location, use, and condition of the property and the date the information was reported.

(viii) unit acquisition cost.

(ix) ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a grantee compensates the Federal agency for its share.

(b) Property owned by the Federal Government must be marked to indicate Federal ownership.

(c) A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(d) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or the theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the grantee shall promptly notify RBS.

(e) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(f) Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

(g) Expendable personal property shall vest in the grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the grantee shall retain the property for use on nonfederally sponsored activities or sell it, but must in either case compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

This exhibit covers the following described personal property and any additional property acquired wholly, or in part, with grant funds (use continuation sheets as necessary):

19. the following termination provisions:

(a) Termination for cause: The grantor agency may terminate any grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of the grant. The grantor agency shall promptly notify the grantee in writing of the determination and the reasons for the termination, together with the effective date.

(b) Termination for convenience: The grantor agency or grantee may terminate grants in whole, or in part, when both parties agree that the continuation of the program would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The grantor agency shall allow full credit to the grantee for the Federal share of the noncancelable obligations properly incurred by the grantee prior to termination.

RBS agrees that it will:

1. assist grantee, within available appropriations, with such technical assistance as grantor deems appropriate in planning the program and coordinating the plan with local official comprehensive plans and with any State or area plans for the area in which the program is located.

2. at its sole discretion, RBS may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as RBS may determine to be:

(a) advisable to further the purposes of the grant or to protect the Government's financial interest therein; and

*(b) consistent with both the statutory purposes of the grant and
the limitations of the statutory authority under which it is made.*

Name of Grantee

RBS Approval Official

Title

Title

Date

Date

RURAL COOPERATIVE DEVELOPMENT GRANT

SELECTION CRITERIA

Project Score _____

Name of Applicant _____

State _____ County _____

Grant Request \$ _____ Applicant Matching Share \$ _____

Percentage of Funds in Project: Grant _____% Applicant Share _____%

Brief description of project:

Points will be distributed according to ranking as compared with other preapplications on hand. All factors (selection criteria) will receive equal weight with points awarded to each factor on a 5, 4, 3, 2, 1 basis depending on the applicant's ranking compared to other applicants.

Priorities

Points

1. Demonstrates a proven track record in administering a nationally coordinated, regionally or State-wide operated project.

5 4 3 2 1

2. Demonstrates previous expertise in providing technical assistance in rural areas.

5 4 3 2 1

3. Demonstrates the ability to assist in the retention of business, facilitate the establishment of cooperatives and new cooperative approaches, and generate employment opportunities that will improve the economic condition of rural areas.

5 4 3 2 1

4. Demonstrates the ability to create horizontal linkages among business within and among various sectors in rural areas of the United States and vertical linkages to domestic and international markets.

5 4 3 2 1

5. Commits to providing technical assistance and other services to underserved or economically distressed rural areas of the United States.

5 4 3 2 1

6. Commits to providing greater than a 25 percent matching contribution with private funds and in-kind contributions.

5 4 3 2 1

7. Demonstrates transferability or demonstration value to assist rural areas outside of project area.

5 4 3 2 1

8. Demonstrates that any cooperative development activity is consistent with positive environmental stewardship.

5 4 3 2 1

Explain basis for any ratings that might help clarify why such rating was assigned

Total points_____

Approval Official

Date

Directions: Circle the points for those priorities which apply to, and are met by, the application under consideration.

REQUEST FOR RURAL COOPERATIVE DEVELOPMENT
GRANT FUNDS FROM NATIONAL OFFICE

TO: Administrator, RBS
Washington, DC 20250

Attention: Cooperative Services

State: _____

Name of Applicant: _____

A. Amount of grant funds requested: \$_____

B. Amount of applicant's contribution: \$_____

C. Provide the priority of this application in relation to all others
on hand at the time of submission of the request for funds from the
National Office. _____

D. Are the other funds proposed for this project committed and
evidenced with required certifications from the funding sources that the
funds are available and will be used for this project? _____

E. Is this application ready for obligation? _____
If no, give estimated date the application will be ready for obligation
of funds and reason for the delay. _____

RBS Approval Official

Date

Directions: To request funds from the National Office, complete this
exhibit and send it, along with exhibit B of this subpart to the National
Office.

oOo

